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USSR: Improving Agricultural Performance Reduces Grain Import Needs

An Intelligence Assessment

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USSR: Improving Agricultural Performance Reduces Grain Import Needs

An Intelligence Assessment

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USSR: Improving Agricultural Performance Reduces Grain Import Needs

Key Judgments

Information available as of 7 November 1986 was used in this report.

Soviet agricultural performance has improved in 1986 and may exceed the record 1983 production, an accomplishment General Secretary Gorbachev will undoubtedly highlight as a turnaround in the agricultural sector. The improved performance is due to continued growth in the livestock sector combined with increased production of several major crops.

Recently, Politburo member Yegor Ligachev predicted that the Soviet grain crop would be roughly 210 million metric tons. This figure, however, is a preliminary estimate as harvesting is still not completed and final results will not be known for some time. [

] we would have expected a grain crop closer to 195 million tons. A higher figure would indicate, among other factors, greater success with the intensive technology program than we have estimated.

Depending on the final grain outturn, the need for imported grain will fall to between 10 million and 25 million tons, compared with the almost 30 million tons imported during the 1985/86 marketing year (MY). Soviet grain purchases to date total about 10 million tons. Livestock feed supplies are currently adequate and the growing glut of grain on world markets is increasing the prospects that already low grain prices will fall still further. By playing a waiting game, Moscow will be able to obtain grain at discount prices from grain suppliers desperate to sell

In our view, the Soviet Union will probably limit its purchases of US grain to corn, a commodity that the United States holds in great supply, can sell at fully competitive prices, and can reliably deliver at any time of year. Recent purchases of EC and Canadian barley and feed wheat and Yugoslav corn, however, may signal a decision to limit US corn purchases. Moscow's failure to exploit US subsidy offers on almost 4 million tons of wheat—even while purchasing Canadian and EC wheat—probably indicates that Moscow will continue to buy from other, cheaper wheat suppliers before coming to the United States. Given the outlook for sizable wheat export availability from US competitors, the USSR may not purchase any US wheat during the current marketing year